

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

H. J. HEINZ COMPANY

MAKERS OF THE 57 VARIETIES

ANNUAL REPORT

Year Ended May 3

1950

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H. J. HEINZ COMPANY

PITTSBURGH, PA.

DIRECTORS	ELECTED
H. J. Heinz II*	1936
H. N. Riley*	1935
A. L. Schiel	1941
L. M. Melius	1941
J. H. Letsche*	1942
Franklin Bell	1943
J. B. Holcomb	1943
T. B. McCafferty	1944
Charles Heinz	1945
Frank Armour, Jr.*	1947
F. B. Cliffe*	1948
J. L. Given	1948
Harvey Williams	1948
A. C. Coney	1949

*Member Executive Committee

OFFICERS

H. J. Heinz II	President
H. N. Riley	Executive Vice President
J. H. Letsche	Vice President in Charge of Sales & Advertising
Frank Armour, Jr.	Vice President in Charge of Sales & Distribution
T. B. McCafferty	Secretary
F. B. Cliffe	Treasurer and Comptroller

TRANSFER AGENTS

City Bank Farmers Trust Company, New York, N. Y.
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Guaranty Trust Company of New York, N. Y.
Fidelity Trust Company, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

Last Tuesday of August
2 P.M. Pittsburgh, Pa.

**SUMMARY OF
CONSOLIDATED FINANCIAL RESULTS**

	Fiscal Year Ended		
	<u>May 3, 1950</u>	<u>April 30, 1949</u>	<u>April 30, 1948</u>
Net Sales	\$170,508,252	\$174,877,723	\$169,455,201
Net Income transferred to Surplus (after taxes and contingency appropriation)	\$ 4,364,017	\$ 6,451,048	\$ 5,033,324
Net Income as a Percentage of Net Sales	2.56%	3.69%	2.95%
Net Income per Share of Common Stock	\$ 2.85	\$ 4.33	\$ 3.32
Net Income Appropriated for Contingencies	\$ —	\$ —	\$ 1,000,000
Dividends Paid on Preferred Stock	\$ 347,131	\$ 355,166	\$ 361,902
Dividends Paid on Common Stock	\$ 2,534,875	\$ 2,535,595	\$ 2,535,595
Dividends Paid per Share of Common Stock	\$ 1.80	\$ 1.80	\$ 1.80
Total Taxes charged to Income	\$ 5,642,557	\$ 6,044,000	\$ 6,141,555
Total Taxes per Share of Common Stock	\$ 4.01	\$ 4.29	\$ 4.36
Net Income Retained in Business	\$ 1,482,011	\$ 3,560,287	\$ 3,135,827
Net Income Retained per Share of Common Stock	\$ 1.05	\$ 2.53	\$ 2.23
New Capital Obtained	\$ 2,250,000	\$ 19,250,000	\$ —

PRESIDENT'S REPORT TO STOCKHOLDERS AND EMPLOYEES

Our fiscal year which ended May 3, 1950 marks another stage in the transition of our companies at home and abroad from the war-time economy to normal operations.

Each year, our operations are influenced by many conflicting factors. In the past twelve months, the most outstanding and unusual event was a nearly world-wide devaluation of currencies. Of primary importance to us was the effect of devaluation in Canada, England, and Australia. While these devaluations did not affect specifically or immediately the volume of sales or profits of our subsidiary companies in terms of their own currencies they did reduce the number of U. S. dollars which we received as dividends from these countries. Devaluation reduced the value of their net current assets, sales and earnings included in our consolidated statements.

Their net current assets (after deducting all liabilities) were reduced \$3,250,000. This was charged to a reserve for contingencies which had been established over the past twelve years to meet such a situation. This reserve still has a balance of \$5,000,000 as further protection against possible future unusual losses.

SALES

Consolidated sales for the past year totaled \$170,508,252, which has been exceeded only once in the company's history, and our tonnage was at an all-time high.

Sales in the United States were \$121,792,741, or \$4,353,759 below the previous year. This reflected the discontinuance of certain unprofitable products, price decreases made in some of our important product lines, and minor changes of volume or price in other varieties.

Sales by subsidiaries in Canada, England and Australia continued to expand satisfactorily, and attained new peaks. Total sales of these subsidi-

aries amounted to \$48,715,511, after giving effect to devaluation. Had there been no devaluation, sales of subsidiaries would have been about \$57,000,000.

NET INCOME

Net income amounted to \$4,364,017, compared with \$6,451,048 for the previous year. The decrease reflects a combination of factors experienced during the year. As described above, the devaluation of foreign currencies decreased the dollar equivalents of the earnings of subsidiaries. Expenses rose with the establishment of new managerial functions in the Sales Division. Rearrangement of facilities in Pittsburgh in preparation for the construction program called for non-recurring expenses. Interest was paid throughout the year on the U. S. borrowings of \$15,000,000, although we will not obtain major benefits from this program until construction is nearly complete. Higher wage and salary rates became effective at various dates throughout the year. We took full, but proper, advantage of a change in the Canadian tax law which permitted us to enter larger amounts of depreciation, thus reducing in the current year our reported net earnings; the advantage to the company is that our income tax is reduced proportionately.

DIVIDENDS

During the year, dividends were declared and paid quarterly. These totaled \$3.65 per share on Preferred Stock and \$1.80 per share on Common Stock, as in the previous two years. This represented 66% of the consolidated net income for the year. The balance was retained by the company to help meet the need for increased funds required by the growing business in the subsidiary companies, and to handle the major improvement of our properties and facilities.

FACILITIES

New or enlarged sales warehouses have been leased at Columbus, Ohio; Indianapolis, Indiana; Hartford, Connecticut and Milwaukee, Wisconsin. These replace less adequate or inefficient older quarters and will permit us to give better service to our customers in these localities.

The year has seen striking progress in the plan of modernization of our factory facilities in Pittsburgh. As this is being written, the structural steel work is nearly completed in the building which will house our employees' service and factory administration facilities; the site has been cleared of old factory buildings and old houses and piling is being driven for the erection of a building for the production of vinegar; and further steps have been taken to improve our can-making and power plant facilities. We have acquired all of the property needed for completion of the program. City Council has cooperated in the efficient lay-out of our new buildings by closing to the public certain streets and alleys, which we have now purchased and over which buildings and manufacturing conveyors will be constructed.

The entire program is moving along substantially in harmony with the schedule originally outlined, and you will be glad to learn that contracts let to date closely correspond with the costs estimated when our financing arrangements were made a year ago.

The British subsidiary continued its program of converting the former munitions factory at Stan-dish, Lancashire, to an efficient modern food processing establishment. Prior to the war, our Leam-ington, Canada, factory supplied the large British demand for Heinz Tomato Ketchup. Foreign exchange restrictions have deprived us of this business ever since 1939. We are particularly gratified that technological improvements now permit us to make in England, from tomatoes grown on the Continent, Heinz Tomato Ketchup of the high standard known throughout the world.

During and since the war, our Australian organization has operated for the Government a factory in Devonport, Tasmania. Under a new agreement with the Tasmanian Government this

facility is now being operated as a Heinz branch factory. The Tasmanian Government is cooperating in plans for increasing its output and broadening the variety of Heinz products.

INVENTORIES

Our investment in inventories was reduced from \$61,400,000 a year ago to \$54,900,000 on May 3, 1950. This reduction of \$6,500,000 or 10.6% in inventories resulted from closer control over processing and inventory and from some reduction in prices of ingredients used in making our products. Inventories in the United States decreased about 13%.

FINANCING

Within the past year, financing of important expansion has been completed by our Canadian Company. The sum of \$2,500,000 (Canadian) has been borrowed at an interest rate of 3.25%, with repayment of principal scheduled over a ten-year period. This supplements arrangements reported last year for raising long-term funds in the United States, in England and in Australia.

In the four post-war years, we have retained for plant modernization and general expansion \$14,300,000, or over 55% of our \$25,500,000 earnings. Long-term borrowings plus new capital obtained from sales of Common and Preferred Stock of the parent company and of the English subsidiary have been used to finance additional inventory and accounts receivable (required by an increase in sales) and to modernize and expand factory and sales warehouse facilities.

ORGANIZATION AND MANAGEMENT

In October, 1949, Mr. A. L. Schiel retired as Executive Vice President and member of the Executive Committee. Mr. H. N. Riley became Executive Vice President, and the vacancy on the Executive Committee was filled by the appointment of Mr. Frank Armour, Jr., Vice President and General Manager of Sales and Distribution.

Our executive development policy provides for visits between executives of the parent organization and the various subsidiaries. Directors and other executives of the British, Canadian and

Australian companies visited the Home Office in Pittsburgh, as well as American factories and Sales Branches, to keep abreast of management techniques. Several directors of the parent company have visited the foreign subsidiaries to consult with their directors and executives on local programs and operations. By such an exchange of visits, the experience of our world-wide organization is closely knit and our objectives of improvement in organization and management techniques are implemented.

FEDERAL INCOME TAXES

Federal Income Tax Returns for the years ended April 30, 1946, 1947 and 1948 have been examined by the Government but we have not agreed to the additional amounts claimed by the Government. The amounts under discussion are not major.

Under Section 722 of the Internal Revenue Act, a claim has been filed by the company for a refund of taxes due to a claimed adjustment of the excess profits tax base. The claim is based on the rapid development of the baby food industry during the base years. There is no present basis for estimating accurately the refund, if any, that will be made by the Government.

FISCAL CALENDAR

Our fiscal calendar has been changed to close this year on Wednesday, May 3, 1950, rather than the April 30th date that has heretofore been used. Our fiscal calendar is now divided into four quarters of thirteen weeks each, with each week, each quarter and each fiscal year ending on Wednesday evening. Control reports of operations will thus reach Pittsburgh, from all points in the United States, early each Monday morning. Statements of sales and earnings hereafter published will be on the basis of the fiscal calendar, rather than the use of the conventional calendar months.

In order to have the declaration of dividends on Common Stock reflect the Directors' consideration of current operating results, the date for payment of Common Stock dividends was changed from the first to the tenth day in each calendar quarter. The first payment of Common Stock

dividends on this schedule was made on April 10, 1950. Dividends on the Preferred Stock continue to be paid on the first day of each calendar quarter in accordance with the terms of the issue.

OUTLOOK

The Australian economy is enjoying the benefits of industrial expansion, full employment and some inflation. A policy of immigration supported by both of the major political parties is expected to swell the population of the Commonwealth so that an increase of one-third during the next seven or eight years is anticipated. In October, 1949, restrictions on the use of tinplate were terminated. The elimination of these restrictions has enabled the Australian subsidiary to re-introduce a number of Heinz products which we have been unable to sell there for several years.

The limited availability of tinplate in Great Britain continues to create an overall ceiling on the production of canned foods. Some ingredients, notably sugar, continue to remain in short supply. Nevertheless, our British subsidiary was able to strengthen further its position in the British market and to increase its sales to a new record level.

The Canadian economy is operating at a high level. We expect our business for the coming year to exceed the fiscal year just closed.

In the United States we anticipate a modest increase in sales volume during the coming year. We should benefit from general economic conditions which indicate a continuance of a high level of business activity unless upset by international events. Crop conditions are promising and we expect to obtain our raw material requirements at reasonable prices. Our relations and reputation with independent and chain store operators, as well as with our hotel and restaurant customers, are good. Our merchandising programs are effective.

The management of all of our companies is experienced and competent. The improvement of facilities which is now under way will increase our operating efficiency. Under these circumstances, I am confident that our business will continue to progress.

H. J. HEINZ II
President

TOUCHE, NIVEN, BAILEY & SMART

Certified Public Accountants

504 GRANT BUILDING

PITTSBURGH 19, PA.

June 15, 1950

Board of Directors,
H. J. Heinz Company,
Pittsburgh 30, Pennsylvania.

We have examined the balance sheets of H. J. Heinz Company and of its Canadian subsidiary as of May 3, 1950, and the related statements of income and surplus for the fiscal year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Independent chartered accountants have examined the financial statements of the English subsidiary for the same period and we have been furnished with the report covering such examination. Although unaudited accounts of the Australian subsidiary as of May 3, 1950, have been used in the preparation of the consolidated financial statements, we have been furnished with the report of their independent chartered accountants as at October 31, 1949, the close of the fiscal year of that subsidiary. The net assets, net sales, and net income of the Australian subsidiary amounted to less than 5% of the related consolidated figures.

The accounting policies followed by the Company were consistent with those of the preceding year except with respect to depreciation practices of the Canadian subsidiary. It has been that subsidiary's consistent policy in the past to depreciate fixed assets on a straight-line basis. During the year ended May 3, 1950, as a result of changes in Canadian tax law, the Canadian subsidiary adopted, with our approval, the diminishing-balance method of depreciating fixed assets, the effect of which was to increase depreciation for the year by \$320,775.

In our opinion, based upon the examinations made by us and relying upon the previously mentioned reports of independent chartered accountants with respect to the financial statements of the subsidiary companies in England and Australia, the accompanying balance sheet and statements of income and surplus present fairly the consolidated financial position of H. J. Heinz Company and its subsidiary companies at May 3, 1950, and the consolidated results of their operations for the fiscal year then ended, in accordance with generally accepted accounting principles.

TOUCHE, NIVEN, BAILEY & SMART

Certified Public Accountants

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

COMPARATIVE CONSOLIDATED BALANCE SHEET

ASSETS		<u>May 3, 1950</u>	<u>April 30, 1949</u>
CURRENT ASSETS:			
Cash	\$	7,380,436	\$ 7,702,255
Marketable securities—at cost, approximating market		16,086,642	7,050,690
Accounts receivable:			
Trade debtors—less provision for losses on realization		11,897,311	12,752,197
Sundry debtors		723,847	1,131,592
Inventories of finished goods, work in process, and materials and supplies on the basis of cost (average) or market whichever is lower (See Note 2)		54,888,209	61,360,805
Prepaid expenses:			
Supplies		1,331,386	1,383,813
Insurance, taxes, etc.		748,406	522,154
Total current assets	\$	<u>93,056,237</u>	<u>\$ 91,903,506</u>
OTHER ASSETS:			
Investment in and advances to non-consolidated Spanish subsidiary— at cost	\$	233,578	\$ 234,770
Miscellaneous		820,364	931,847
	\$	<u>1,053,942</u>	<u>\$ 1,166,617</u>
FIXED ASSETS (See Note 9):			
Land—at cost	\$	2,364,776	\$ 2,375,971
Buildings and leasehold improvements—at cost, less accumulated depreciation of \$8,362,428 in 1950		14,015,546	13,824,682
Equipment and fixtures—at cost, less accumulated depreciation of \$17,718,854 in 1950		17,988,358	18,437,124
Lug boxes, baskets, pallets, etc.—at cost, less amortization		667,247	902,139
	\$	<u>35,035,927</u>	<u>\$ 35,539,916</u>
	\$	<u>129,146,106</u>	<u>\$ 128,610,039</u>

See Notes to Consolidated Financial Statements.

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

COMPARATIVE CONSOLIDATED BALANCE SHEET

	LIABILITIES	
	May 3, 1950	April 30, 1949
CURRENT LIABILITIES:		
Notes payable and loans on open credit (including portion of serial notes due within one year)	\$ 4,306,290	\$ 2,471,530
Accounts payable:		
Trade creditors	4,348,360	3,767,484
Due to former officers and employees	252,854	287,146
Due to trustees under employees' retirement systems (See Note 3)	1,412,285	1,473,435
Sundry creditors	332,789	320,501
Accrued liabilities:		
Salaries, wages, and other expenses	2,981,709	2,730,029
Federal, state, and local taxes (other than on income)	555,425	580,965
Estimated liability for Federal and foreign taxes on income	3,090,626	4,193,554
Total current liabilities	\$ 17,280,338	\$ 15,824,644
OTHER LIABILITIES:		
Due to former officers and employees—payable after one year	\$ 1,174,637	\$ 1,277,675
Under management profit-sharing plan—generally payable after retirement	1,907,134	1,858,129
Sundry (principally future English income taxes)	1,637,561	1,719,876
	\$ 4,719,332	\$ 4,855,680
LONG-TERM DEBT:		
2.90% promissory notes—principal due from 1954 to 1969	\$ 15,000,000	\$ 15,000,000
3.25% serial notes—principal due from 1951 to 1959	2,025,000	—
	\$ 17,025,000	\$ 15,000,000
PREFERENCE STOCK AND MINORITY INTERESTS IN ORDINARY SHARES, of English subsidiary	\$ 2,335,540	\$ 3,210,695
RESERVES, representing appropriations of earned surplus for possible future inventory price decline, possible loss in foreign assets, and other contingencies (See Note 8)	\$ 5,000,000	\$ 8,250,000
CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock—authorized, 194,110 shares—par value, \$100 per share—issuable in series:		
3.65% series—authorized, issued, and outstanding, 94,110 shares (See Note 4)	\$ 9,411,000	\$ 9,602,000
Common stock—authorized, 2,000,000 shares—par value, \$25 per share: issued, 1,640,000 shares—held in treasury, 231,736 shares—outstanding, 1,408,264 shares	35,206,600	35,206,600
Capital surplus—per accompanying statement	3,880,871	3,855,006
Earned surplus—per accompanying statement (See Note 5)	34,287,425	32,805,414
	\$ 82,785,896	\$ 81,469,020
	\$129,146,106	\$128,610,039

See Notes to Consolidated Financial Statements.

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

COMPARATIVE CONSOLIDATED SURPLUS

	Fiscal Year Ended	
	May 3, 1950	April 30, 1949
CAPITAL SURPLUS		
BALANCE—Beginning of year	\$ 3,855,006	\$ 2,805,106
ADD:		
Excess of proceeds, less expenses, from sale of minority interests in English subsidiary over book value thereof at date of sale . . .	—	1,047,489
Miscellaneous (net)	25,865	2,411
BALANCE—End of year	<u>\$ 3,880,871</u>	<u>\$ 3,855,006</u>
EARNED SURPLUS		
BALANCE—Beginning of year	\$32,805,414	\$29,245,127
ADD:		
Net income for the year	4,364,017	6,451,048
Transfer from reserves for contingencies	3,250,000	—
	<u>\$40,419,431</u>	<u>\$35,696,175</u>
DEDUCT:		
Dividends paid in cash:		
3.65% preferred stock	\$ 347,131	\$ 355,166
Common stock—\$1.80 per share	2,534,875	2,535,595
	<u>\$2,882,006</u>	<u>\$2,890,761</u>
Losses resulting from devaluation of foreign currencies	3,250,000	—
	<u>6,132,006</u>	<u>2,890,761</u>
BALANCE—End of year	<u>\$34,287,425</u>	<u>\$32,805,414</u>

See Notes to Consolidated Financial Statements.

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

COMPARATIVE CONSOLIDATED INCOME

	Fiscal Year Ended	
	May 3, 1950	April 30, 1949
NET SALES.....	\$170,508,252	\$174,877,723
COST OF SALES (See Note 6).....	116,902,380	120,633,171
GROSS PROFIT.....	\$ 53,605,872	\$ 54,244,552
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (See Notes 6 and 7).....	45,016,235	43,351,189
	\$ 8,589,637	\$ 10,893,363
OTHER INCOME:		
Discounts earned.....	\$ 468,861	\$ 527,884
Adjustment of depreciation for prior years.....	—	469,367
Miscellaneous (net).....	173,064	37,586
	\$ 641,925	\$ 1,034,837
	\$ 9,231,562	\$ 11,928,200
OTHER DEDUCTIONS:		
Interest expense.....	\$ 635,443	\$ 407,380
Provision for management profit-sharing (See Note 7).....	198,354	623,117
Additional prior years' income taxes, including interest thereon (net)	345,850	84,125
	\$ 1,179,647	\$ 1,114,622
	\$ 8,051,915	\$ 10,813,578
PROVISION for Federal and foreign taxes on income.....	3,567,234	4,291,976
	\$ 4,484,681	\$ 6,521,602
DEDUCTION for dividends on preference stock and income applicable to minority interests in ordinary shares, of English subsidiary...	120,664	70,554
NET INCOME FOR THE YEAR—To earned surplus.....	\$ 4,364,017	\$ 6,451,048

See Notes to Consolidated Financial Statements.

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) *Principles of consolidation:* In the preparation of the consolidated balance sheet, and the related statements of consolidated income and surplus, all subsidiary companies have been consolidated, with the exception of the Spanish subsidiary which has been excluded because of uncertain foreign exchange conditions.

Consolidated assets less liabilities at May 3, 1950, were located as follows:

	Total	United States	Canada	England	Australia
Current assets.....	\$93,056,237	\$68,182,291	\$8,931,993	\$13,184,524	\$2,757,429
Current liabilities.....	17,280,338	8,759,854	2,111,996	6,027,011	381,477
Net current assets.....	\$75,775,899	\$59,422,437	\$6,819,997	\$ 7,157,513	\$2,375,952
Other assets, less other liabilities.....	12,009,997	7,328,550	2,659,413	1,413,868	608,166
Consolidated net assets.....	\$87,785,896	\$66,750,987	\$9,479,410	\$ 8,571,381	\$2,984,118

All assets, except fixed assets, and all liabilities of the foreign subsidiaries have been translated from foreign currencies at official rates of exchange prevailing at the end of the fiscal year; fixed assets have been stated at their approximate United States dollar equivalent at the time of acquisition. There are currency restrictions in the countries in which the foreign subsidiaries operate which restrict the realization of foreign assets into U. S. dollars.

Operating accounts of the foreign subsidiaries have been converted into United States dollars at a weighted average of the official exchange rates in effect during the year. Consolidated net sales and net income for the fiscal years ended May 3, 1950, and April 30, 1949, are summarized as follows:

	Fiscal Year Ended	
	May 3, 1950	April 30, 1949
Net sales:		
United States.....	\$121,792,741	\$126,146,500
Foreign subsidiaries consolidated.....	48,715,511	48,731,223
Total.....	\$170,508,252	\$174,877,723
Net income:		
United States.....	\$ 2,621,647	\$ 3,663,288
Foreign subsidiaries consolidated.....	1,742,370	2,787,760
Total.....	\$ 4,364,017	\$ 6,451,048

During the fiscal year ended May 3, 1950, dividends amounting to \$1,366,499 were received in the United States from the consolidated foreign subsidiaries as compared to \$1,442,456 in the previous fiscal year.

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(2) *Inventories:* Inventories are classified as follows:

	Total	United States	Foreign Subsidiaries Consolidated
Finished goods.....	\$33,525,885	\$22,151,928	\$11,373,957
Work in process.....	4,152,343	3,088,557	1,063,786
Materials and supplies.....	17,209,981	9,659,440	7,550,541
Total.....	<u>\$54,888,209</u>	<u>\$34,899,925</u>	<u>\$19,988,284</u>

(3) *Retirement systems:* Under employees' retirement systems, the companies have made payments or accruals aggregating \$10,898,153 for prior and current service costs as of May 3, 1950. The balance of the actuarial estimate for prior service costs, which was neither funded nor accrued on May 3, 1950, amounted to \$1,538,522.

(4) *Cumulative preferred stock:* The 3.65% cumulative preferred stock is redeemable on or before October 1, 1951, at a price of \$107.75 per share for optional redemption, or at a maximum price of \$105.25 if redeemed through the sinking fund, and at decreasing prices thereafter. The annual payment of \$200,000 was made to the sinking fund for the purchase and redemption of the 3.65% cumulative preferred stock on October 1, 1949.

(5) *Earned surplus:* Under the provisions of the 2.90% promissory notes, the portion of the consolidated earned surplus which is unrestricted as to the payment of dividends on the common stock is not less than \$4,978,344.

(6) *Depreciation:* Depreciation of \$2,531,014 was provided in the accounts for the fiscal year ended May 3, 1950, and \$2,182,230 was provided for the prior fiscal year.

(7) *Management profit-sharing plan:* In addition to the current year's provision of an accrued liability of \$198,354 in respect of the management profit-sharing plan, selling, general, and administrative expenses include \$329,611 representing payments to participants, making the total charge to profit and loss in respect of the plan \$527,965 for the year ended May 3, 1950, compared to a total of \$950,321 for the preceding year.

(8) *Reserve for contingencies:* A civil suit for damages has been brought against the Company and one of its suppliers. If fully successful, this suit would result in liability of approximately \$1,500,000. The Company believes that it will be able to defend successfully this suit. The final decision may not be known for many months or perhaps several years.

(9) *Fixed asset commitments:* Under the modernization plan for the Company's factory in Pittsburgh, the Company is obligated under open contracts and purchase orders in the aggregate amount of approximately \$6,000,000, of which \$2,000,000 has been disbursed.

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

SUMMARY OF INCOME STATEMENTS FISCAL YEARS ENDED

	<u>May 3, 1950</u>	<u>April 30, 1949</u>	<u>April 30, 1948</u>
Net sales and commissions	\$170,508,252	\$174,877,723	\$169,455,201
Cost of sales	116,902,380	120,633,171	118,725,604
Gross profit	\$ 53,605,872	\$ 54,244,552	\$ 50,729,597
Selling, general and administrative expenses	45,016,235	43,351,189	40,623,698
	\$ 8,589,637	\$ 10,893,363	\$ 10,105,899
Other income—including foreign exchange adjustments	641,925	1,034,837	995,614
	\$ 9,231,562	\$ 11,928,200	\$ 11,101,513
Other deductions—including interest expense and provision for management profit-sharing	1,179,647	1,114,622	575,052
	\$ 8,051,915	\$ 10,813,578	\$ 10,526,461
Provision for taxes on income	3,567,234	4,291,976	4,493,137
	\$ 4,484,681	\$ 6,521,602	\$ 6,033,324
Deduction for dividends on preference stock and income applicable to minority interests in ordinary shares, of English subsidiary	120,664	70,554	—
Net income for the year	\$ 4,364,017	\$ 6,451,048	\$ 6,033,324
Appropriated for possible future inventory price decline, possible loss in foreign assets and other contingencies	—	—	1,000,000
Balance of net income—to earned surplus	\$ 4,364,017	\$ 6,451,048	\$ 5,033,324
Balance of net income per share of common stock—after preferred dividends (A)	\$2.85	\$4.33	\$3.32
Cash dividends per share of common stock (A)	1.80	1.80	1.80

(A) Adjusted for the fiscal years 1941 to 1946, inclusive, to give effect to conversion of 4 shares for 1 share in October, 1946.

H. J. HEINZ COMPANY

AND CONSOLIDATED SUBSIDIARY COMPANIES

SUMMARY OF INCOME STATEMENTS FISCAL YEARS ENDED

<u>April 30, 1947</u>	<u>April 30, 1946</u>	<u>April 30, 1945</u>	<u>April 30, 1944</u>	<u>April 30, 1943</u>	<u>April 30, 1942</u>	<u>April 30, 1941</u>
\$144,245,863	\$114,150,564	\$112,815,488	\$93,351,553	\$84,076,441	\$71,900,304	\$62,021,688
<u>100,415,998</u>	<u>80,223,367</u>	<u>78,948,651</u>	<u>63,693,999</u>	<u>57,411,000</u>	<u>43,494,876</u>	<u>36,174,638</u>
\$ 43,829,865	\$ 33,927,197	\$ 33,866,837	\$29,657,554	\$26,665,441	\$28,405,428	\$25,847,050
<u>29,750,557</u>	<u>24,652,220</u>	<u>22,800,953</u>	<u>19,616,528</u>	<u>19,308,705</u>	<u>21,546,755</u>	<u>20,406,410</u>
\$ 14,079,308	\$ 9,274,977	\$ 11,065,884	\$10,041,026	\$ 7,356,736	\$ 6,858,673	\$ 5,440,640
<u>1,150,223</u>	<u>446,031</u>	<u>244,184</u>	<u>598,088</u>	<u>109,106</u>	<u>253,017</u>	<u>1,281,454</u>
\$ 15,229,531	\$ 9,721,008	\$ 11,310,068	\$10,639,114	\$ 7,465,842	\$ 7,111,690	\$ 6,722,094
<u>461,401</u>	<u>379,051</u>	<u>543,205</u>	<u>366,851</u>	<u>248,957</u>	<u>394,133</u>	<u>203,130</u>
\$ 14,768,130	\$ 9,341,957	\$ 10,766,863	\$10,272,263	\$ 7,216,885	\$ 6,717,557	\$ 6,518,964
<u>6,163,844</u>	<u>4,661,065</u>	<u>6,284,809</u>	<u>6,383,515</u>	<u>3,566,088</u>	<u>2,795,073</u>	<u>1,871,595</u>
\$ 8,604,286	\$ 4,680,892	\$ 4,482,054	\$ 3,888,748	\$ 3,650,797	\$ 3,922,484	\$ 4,647,369
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
\$ 8,604,286	\$ 4,680,892	\$ 4,482,054	\$ 3,888,748	\$ 3,650,797	\$3,922,484	\$ 4,647,369
<u>2,500,000</u>	<u>628,808</u>	<u>1,082,020</u>	<u>224,183</u>	<u>330,763</u>	<u>698,434</u>	<u>1,085,792</u>
\$ 6,104,286	\$ 4,052,084	\$ 3,400,034	\$ 3,664,565	\$ 3,320,034	\$ 3,224,050	\$ 3,561,577
<u><u>\$4.14</u></u>	<u><u>\$3.19</u></u>	<u><u>\$2.65</u></u>	<u><u>\$2.87</u></u>	<u><u>\$2.58</u></u>	<u><u>\$2.67</u></u>	<u><u>\$2.95</u></u>
1.65	1.50	1.50	1.50	1.50	1.50	1.50

HEINZ LOCATIONS

UNITED STATES

Principal Executive Office, Pittsburgh, Pa.

Warehouses and Sales Offices

Albany, N. Y.
Allentown, Pa.
Atlanta, Ga.
Baltimore, Md.
Birmingham, Ala.
*Boston, Mass. (Cambridge)
Buffalo, N. Y.
*Chicago, Ill.
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
Dallas, Texas
Denver, Colo.
Des Moines, Iowa
*Detroit, Mich.
Duluth, Minn.
Fort Wayne, Ind.
Grand Rapids, Mich.
Harrisburg, Pa.
Hartford, Conn.
Houston, Texas
Indianapolis, Ind.
Jacksonville, Fla.
Johnstown, Pa.
Kansas City, Mo.
Knoxville, Tenn.
Los Angeles, Calif.
Louisville, Ky.
Memphis, Tenn.
Miami, Fla.
Milwaukee, Wis.
Newark, N. J.
New Orleans, La.

* Regional Sales Headquarters

*New York, N. Y.
(Glendale)
Norfolk, Va.
Oklahoma City, Okla.
Omaha, Neb.
Peoria, Ill.
*Philadelphia, Pa.
*Pittsburgh, Pa.
Portland, Me.
Portland, Ore.
Providence, R. I.
Rock Island, Ill.
Salt Lake City, Utah
San Antonio, Texas
*San Francisco, Calif.
(Oakland)
Scranton, Pa.
Seattle, Wash.
Sioux City, Iowa
Spokane, Wash.
*St. Louis, Mo.
St. Paul, Minn.
Syracuse, N. Y.
Toledo, Ohio
Washington, D. C.
Youngstown, Ohio

Sub-Warehouses

Clarksburg, W. Va.
Greensboro, N. C.
Huntington, W. Va.
Savannah, Ga.
Tampa, Fla.

Processing Plants

Berkeley, Calif.
Bowling Green, Ohio
Chambersburg, Pa.
Fremont, Ohio
Holland, Mich.
Medina, N. Y.
Muscatine, Iowa
Pittsburgh, Pa.
Salem, N. J.
Tracy, Calif.
Watsonville, Calif.
Winchester, Va.

Salting House

District Headquarters

Big Rapids, Mich.
Charlevoix, Mich.
Fremont, Mich.
Greeley, Colo.
Holland, Mich.
Isleton, Calif.
Muscatine, Iowa
Plymouth, Ind.
Portage, Wis.
Saginaw, Mich.

Numerous vegetable and pickle receiving stations operate in the areas surrounding the plants and salting houses.

THROUGHOUT THE WORLD

H. J. HEINZ COMPANY OF CANADA LIMITED

<i>Head Office</i>	Winnipeg, Manitoba	Fort William, Ontario
Leamington, Ontario	Calgary, Alberta	Lethbridge, Alberta
	Edmonton, Alberta	Grand Prairie, Alberta
	Vancouver, British Columbia	Dawson Creek, British Columbia
<i>Warehouses and Sales Branches</i>		Victoria, British Columbia
Halifax, Nova Scotia	<i>Sub-Warehouses</i>	Cranbrook, British Columbia
Quebec, Province of Quebec	Charlottetown,	Fernie, British Columbia
Montreal, Province of Quebec	Prince Edward Island	
Ottawa, Ontario	Halifax, Nova Scotia	
Toronto, Ontario	Cape Breton Island,	<i>Plants</i>
Leamington, Ontario	Nova Scotia	Leamington, Ontario
Sault Ste. Marie, Ontario	St. John, New Brunswick	Wallaceburg, Ontario

H. J. HEINZ COMPANY, LTD., BRITISH ISLES

<i>Head Office</i>	Dundee	Newcastle
London	Edinburgh	Nottingham
	Glasgow	Preston
	Hull	Rochester
<i>Sales Branches</i>	Ipswich	Sheffield
Belfast	Leeds	Southampton
Birmingham	Liverpool	
Bradford	London	<i>Plants</i>
Bristol	Manchester	London
Cardiff		Standish, England

H. J. HEINZ COMPANY, PTY. LTD., AUSTRALIA

<i>Head Office</i>	<i>Sales Branches</i>	<i>Plants</i>
Melbourne	Sydney, New South Wales	Melbourne
	Melbourne, Victoria	Devonport (Tasmania)
	Brisbane, Queensland	
	Adelaide, South Australia	

H. J. HEINZ COMPANY (ESPANA) S. L., SPAIN

Plant
Seville

From these business locations throughout the world, our products are distributed to hundreds of thousands of large and small stores, hotels, restaurants and other institutions in more than 200 countries and territories.

MEET THE 57 VARIETIES

1. Heinz Oven-Baked Beans with Pork and Tomato Sauce.
2. Heinz Oven-Baked Beans—Boston Style.
3. Heinz Oven-Baked Beans in Tomato Sauce without Meat—Vegetarian.
4. Heinz Chili Con Carne.
5. Heinz Condensed Split Pea Soup.
6. Heinz Condensed Cream of Green Pea Soup.
7. Heinz Condensed Cream of Mushroom Soup.
8. Heinz Condensed Cream of Tomato Soup.
9. Heinz Condensed Beef Noodle Soup.
10. Heinz Condensed Bean Soup with Smoked Pork.
11. Heinz Condensed Gumbo Creole Soup.
12. Heinz Condensed Chicken Soup with Rice.
13. Heinz Condensed Chicken Noodle Soup.
14. Heinz Condensed Cream of Chicken Soup.
15. Heinz Condensed Clam Chowder.
16. Heinz Condensed Beef Soup with Vegetables.
17. Heinz Condensed Vegetable Soup.
18. Heinz Condensed Vegetable Soup without Meat.
19. Heinz Mince Meat.
20. Heinz Puddings—Fig and Plum.
21. Heinz Cooked Spaghetti.
22. Heinz Cooked Macaroni.
23. Heinz Apple Jelly.
24. Heinz Blackberry Jelly.
25. Heinz Crabapple Jelly.
26. Heinz Elderberry Jelly.
27. Heinz Grape Jelly.
28. Heinz Red Currant Jelly.
29. Heinz Red Raspberry Jelly.
30. Heinz Peanut Butter.
31. Heinz Pickles—Sweet and Sour.
32. Heinz Chow Chow Pickle.
33. Heinz Dill Pickles.
34. Heinz Fresh Cucumber Pickle.
35. Heinz Sweet Mustard Pickle.
36. Heinz India Relish.
37. Heinz Pickled Onions.
38. Heinz Pre-Cooked Cereals for Infants.
39. Heinz Strained Fruits.
40. Heinz Strained Vegetables.
41. Heinz Strained Meat Products.
42. Heinz Strained Desserts.
43. Heinz Junior Fruits.
44. Heinz Junior Vegetables.
45. Heinz Junior Meat Products.
46. Heinz Prepared Mustard.
47. Heinz Prepared Mustard (Mild).
48. Heinz Tomato Juice.
49. Heinz Tomato Ketchup.
50. Heinz Chili Sauce.
51. Heinz 57 Sauce.
52. Heinz Worcestershire Sauce.
53. Heinz Dehydrated Horse Radish.
54. Heinz Cider Vinegar.
55. Heinz White Vinegar.
56. Heinz Malt Vinegar.
57. Heinz Tarragon Vinegar.

Distributed for other Manufacturers—Sun-Maid Raisins, Magic Onions.